

# Indiana Foreclosure Prevention Network and Hardest Hit Fund

## 2011 Participant Manual

Effective 8/1/11

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INDIANA FORECLOSURE PREVENTION NETWORK



## **TABLE OF CONTENTS**

| <b><u>Table of Contents</u></b>   | <b><u>Page Number</u></b> |
|---|---------------------------|
| IFPN and Mortgage Foreclosure Settlement Conference Authorizing Statute .....       | 4                         |
| IFPN Helpline / Website Referral and Counseling Protocol.....                       | 10                        |
| Foreclosure Helpline / Website Information .....                                    | 15                        |
| Notices/Acknowledgements/Authorizations .....                                       | 16                        |
| Conflicts of Interest.....  | 18                        |
| Predatory Lending.....  | 19                        |
| Countrywide Settlement FAQ.....   | 20                        |
| IFPN Training and Counseling Standards.....   | 20                        |
| NFMC Compliance Requirements, Claims Checklists and IFPN Claims Overview .....      | 21                        |
| Information on Indiana Legal Services.....  | 25                        |
| Making Home Affordable Overview .....   | 28                        |
| <b>HHF</b> – Unemployment Bridge Program Summary Guidelines.....                    | 30                        |
| <b>HHF</b> – County Service Areas by Agency .....                                   | 33                        |
| <b>HHF</b> – Regional Operators / WorkOne Contacts and WorkOne Region Map .....     | 35                        |
| <b>HHF</b> – Introduction to Building the Bridge to Recovery .....                  | 36                        |
| <b>HHF</b> – Overview of Indiana HHF .....  | 37                        |
| <b>HHF</b> – Hardest Hit Counties Map.....  | 38                        |
| <b>HHF</b> – Guidelines and Requirements.....                                       | 39                        |
| <b>HHF</b> – Application Procedures .....   | 45                        |
| <b>HHF</b> – Closing Procedures .....   | 46                        |
| <b>HHF</b> – Approved Education / Training and HoosierCorps Volunteer Program ..... | 48                        |

Addendum 1 Indiana Settlement Conference Counselor Resource Guide

Addendum 2 Making Home Affordable Counselor Presentation

Addendum 3 Indiana Hardest Hit Fund Proposal

Addendum 4 [National Industry Standards for Homeownership Education and Counseling](#)

Addendum 5 [NFMC FINAL Funding Announcement](#)

Addendum 6 HHF/IFPN Organizational Chart

Addendum 7 HoosierCorps Volunteer Program Participant Manual

Addendum 8 Hardest Hit Fund 2001 Income Limits

Addendum 9 Fannie Mae / Freddie Mac Maximum Loan Limits

# Indiana Code for IFPN and Mortgage Foreclosure Settlement Conferences

## IC 5-20-6 (IFPN AUTHORIZING STATUTE)

### Chapter 6. Foreclosure Prevention Counseling and Assistance

#### IC5-20-6-1

##### "Authority" defined

Sec. 1. As used in this chapter, "authority" refers to the Indiana housing and community development authority created by IC 5-20-1-3.

*As added by P.L.176-2007, SEC.1.*

#### IC 5-20-6-2

##### Mortgage counseling and education program

Sec. 2. (a) The authority may establish a program to provide free mortgage foreclosure counseling and education to homeowners who have defaulted on or are in danger of defaulting on the mortgages on their homes.

(b) The authority may enter into an agreement with any public, private, or nonprofit entity to carry out any part of the mortgage foreclosure counseling and education program.

(c) The program may include a central toll free telephone number that homeowners may call to receive mortgage foreclosure counseling and education.

(d) The authority may award grants for the training of counselors who will provide mortgage foreclosure counseling and education.

(e) The authority may establish standards for the certification of counselors who will provide mortgage foreclosure counseling and education.

(f) The authority may expend money for the purpose of advertising the mortgage foreclosure counseling and education program and the central toll free telephone number included in the program under subsection (c). *As added by P.L.176-2007, SEC.1.*

#### IC 5-20-6-3

##### Program funding; court fees; solicitation of contributions and grants

Sec. 3. In addition to using money provided for the program from court fees under IC 33-37-5-30 (before its expiration on January 1, 2013), the authority may solicit contributions and grants from the private sector, nonprofit entities, and the federal government to assist in carrying out the purposes of this chapter. *As added by P.L.176-2007, SEC.1. Amended by P.L.105-2009, SEC.3.*

#### IC 5-20-6-4

##### Program report to the legislative council

Sec. 4. (a) The authority shall annually submit a report to the legislative council concerning the following:

(1) The operation of the mortgage foreclosure counseling and education program, if the program is conducted by the authority during the reporting period.

(2) A summary of mortgage foreclosure rates and trends in Indiana and the United States.

(b) The report submitted under this section must be in an electronic format under IC 5-14-6.

*As added by P.L.176-2007, SEC.1.*

## IC 32-30-10.5 (SETTLEMENT CONFERENCE AUTHORIZING STATUTE) Chapter 10.5. Foreclosure Prevention Agreements for Residential Mortgages

#### IC 32-30-10.5-1

##### Legislative findings; purpose

Sec. 1. (a) The general assembly makes the following findings:

(1) Indiana faces a serious threat to its state economy and to the economies of its political subdivisions because of Indiana's high rate of residential mortgage foreclosures, which constitutes an emergency.

(2) Indiana's high rate of residential mortgage foreclosures has adversely affected property values in Indiana, and may have an even greater adverse effect on property values if the foreclosure rate continues to rise.

(3) It is in the public interest for the state to modify the foreclosure process to encourage mortgage modification alternatives. (b) The purpose of this chapter is to avoid unnecessary foreclosures of residential properties and thereby provide stability to Indiana's statewide and local economies by:

(1) requiring early contact and communications among creditors, their authorized agents, and debtors in order to engage in negotiations that could avoid foreclosure; and

(2) facilitating the modification of residential mortgages in appropriate circumstances.

*As added by P.L.105-2009, SEC.20.*

#### **IC 32-30-10.5-2**

##### **"Creditor"**

Sec. 2. (a) As used in this chapter, "creditor" means a person:

(1) that regularly engages in the extension of mortgages that are subject to a credit service charge or loan finance charge, as applicable, or are payable by written agreement in more than four (4) installments (not including a down payment); and

(2) to which the obligation is initially payable, either on the face of the note or contract, or by agreement if there is not a note or contract.

(b) The term includes a mortgage servicer.

*As added by P.L.105-2009, SEC.20.*

#### **IC 32-30-10.5-3**

##### **"Debtor"**

Sec. 3. As used in this chapter, "debtor", with respect to a mortgage, refers to the maker of the note secured by the mortgage. *As added by P.L.105-2009, SEC.20.*

#### **IC 32-30-10.5-4**

##### **"Foreclosure prevention agreement"**

Sec. 4. As used in this chapter, "foreclosure prevention agreement" means a written agreement that:

(1) is executed by both the creditor and the debtor; and

(2) offers the debtor an individualized plan that may include:

(A) a temporary forbearance with respect to the mortgage;

(B) a reduction of any arrearage owed by the debtor;

(C) a reduction of the interest rate that applies to the mortgage;

(D) a repayment plan;

(E) a deed in lieu of foreclosure;

(F) reinstatement of the mortgage upon the debtor's payment of any arrearage;

(G) a sale of the property; or

(H) any loss mitigation arrangement or debtor relief plan established by federal law, rule, regulation, or guideline. *As added by P.L.105-2009, SEC.20.*

#### **IC 32-30-10.5-5**

##### **"Mortgage"**

Sec. 5. As used in this chapter, "mortgage" means a loan in which a first mortgage, or a land contract that constitutes a first lien, is created or retained against land upon which there is a dwelling that is or will be used by the debtor primarily for personal, family, or household purposes.

*As added by P.L.105-2009, SEC.20.*

#### **IC 32-30-10.5-6**

##### **"Mortgage foreclosure counselor"**

Sec. 6. As used in this chapter, "mortgage foreclosure counselor" means a foreclosure prevention counselor who is part of, or has been trained or certified by, the Indiana Foreclosure Prevention Network.

*As added by P.L.105-2009, SEC.20.*

**IC 32-30-10.5-7**

**"Mortgage servicer"**

Sec. 7. As used in this chapter, "mortgage servicer" means the last person to whom:

- (1) a debtor in a mortgage; or
- (2) the debtor's successor in interest; has been instructed to send payments on the mortgage.

*As added by P.L.105-2009, SEC.20.*

**IC 32-30-10.5-8**

**Presuit notice before filing of foreclosure action; contents; notice upon filing of action; debtor's right to settlement conference; exceptions to notice requirements**

*Note: This version of section effective 1-1-2011.*

Sec. 8. (a) This section applies to a foreclosure action that is filed after June 30, 2009. Except as provided in subsection (e) and section 10(g) of this chapter, not later than thirty (30) days before a creditor files an action for foreclosure, the creditor shall send to the debtor by certified mail a presuit notice on a form prescribed by the Indiana housing and community development authority created by IC 5-20-1-3. The notice required by this subsection must do the following:

- (1) Inform the debtor that:
  - (A) the debtor is in default;
  - (B) the debtor is encouraged to obtain assistance from a mortgage foreclosure counselor; and
  - (C) if the creditor proceeds to file a foreclosure action and obtains a foreclosure judgment, the debtor has a right to do the following before a sheriff's sale is conducted:
    - (i) Appeal a finding of abandonment by a court under IC 32-29-7-3(a)(2).
    - (ii) Redeem the real estate from the judgment under IC 32-29-7-7.
    - (iii) Retain possession of the property under IC 32-29-7-11(b), subject to the conditions set forth in IC 32-29-7-11(b).
- (2) Provide the contact information for the Indiana Foreclosure Prevention Network.
- (3) Include the following statement printed in at least 14 point boldface type:

**"NOTICE REQUIRED BY STATE LAW**

Mortgage foreclosure is a complex process. People may approach you about "saving" your home. You should be careful about any such promises. There are government agencies and nonprofit organizations you may contact for helpful information about the foreclosure process. For the name and telephone number of an organization near you, please call the Indiana Foreclosure Prevention Network."

(b) The notice required by subsection (a) shall be sent to:

- (1) the address of the mortgaged property; or
- (2) the last known mailing address of the debtor if the creditor's records indicate that the mailing address of the debtor is other than the address of the mortgaged property.

If the creditor provides evidence that the notice required by subsection (a) was sent by certified mail, return receipt requested, and as prescribed by this subsection, it is not necessary that the debtor accept receipt of the notice for an action to proceed as allowed under this chapter.

(c) Except as provided in subsection (e) and section 10(g) of this chapter, if a creditor files an action to foreclose a mortgage, the creditor shall include with the complaint served on the debtor a notice that informs the debtor of the debtor's right to participate in a settlement conference. The notice must be in a form prescribed by the Indiana housing and community development authority created by IC 5-20-1-3. The notice must inform the debtor that the debtor may schedule a settlement conference by notifying the court, not later than thirty (30) days after the notice is served, of the debtor's intent to participate in a settlement conference.

(d) In a foreclosure action filed under IC 32-30-10-3 after June 30, 2009, the creditor shall attach to the complaint filed with the court a copy of the notices sent to the debtor under subsections (a) and (c).

(e) A creditor is not required to send the notices described in this section if:

- (1) the mortgage is secured by a dwelling that is not the debtor's primary residence;
- (2) the mortgage has been the subject of a prior foreclosure prevention agreement under this chapter and the debtor has defaulted with respect to the terms of that foreclosure prevention agreement; or
- (3) bankruptcy law prohibits the creditor from participating in a settlement conference under this chapter with respect to the mortgage.

*As added by P.L.105-2009, SEC.20. Amended by P.L.68-2010, SEC.3.*

#### **IC 32-30-10.5-9**

##### **Conditions for court's issuance of judgment of foreclosure; exceptions**

Sec. 9. (a) Except as provided in subsection (b), after June 30, 2009, a court may not issue a judgment of foreclosure under IC 32-30-10 on a mortgage subject to this chapter unless all of the following apply:

- (1) The creditor has given the notice required under section 8(c) of this chapter.
  - (2) The debtor either:
    - (A) does not contact the court within the thirty (30) day period described in section 8(c) of this chapter to schedule a settlement conference under section 8(c) of this chapter; or
    - (B) contacts the court within the thirty (30) day period described in section 8(c) of this chapter to schedule a conference under section 8(c) of this chapter and, upon conclusion of the conference, the parties are unable to reach agreement on the terms of a foreclosure prevention agreement.
  - (3) At least sixty (60) days have elapsed since the date the notice required by section 8(a) of this chapter was sent, unless the mortgaged property is abandoned.
- (b) If the court finds that a settlement conference would be of limited value based on the result of a prior loss mitigation effort between the creditor and the debtor:
- (1) a settlement conference is not required under this chapter; and
  - (2) the conditions set forth in subsection (a) do not apply, and the foreclosure action may proceed as otherwise allowed by law. *As added by P.L.105-2009, SEC.20.*

#### **IC 32-30-10.5-10**

##### **Debtor's request for settlement conference; court's notice; contents; conference participants; persons representing the creditor; duty to notify court of result; settlement conference to satisfy court's mediation or alternative dispute resolution rules**

Sec. 10. (a) Unless a settlement conference is not required under this chapter, the court shall issue a notice of a settlement conference if the debtor contacts the court to schedule a settlement conference as described in section 8(c) of this chapter. The court's notice of a settlement conference must do the following:

- (1) Order the creditor and the debtor to conduct a settlement conference on or before a date and time specified in the notice, which date must not be earlier than twenty-five (25) days after the date of the notice or later than sixty (60) days after the date of the notice, for the purpose of attempting to negotiate a foreclosure prevention agreement.
  - (2) Encourage the debtor to contact a mortgage foreclosure counselor before the date of the settlement conference. The notice must provide the contact information for the Indiana Foreclosure Prevention Network.
  - (3) Require the debtor to bring to the settlement conference the following documents needed to engage in good faith negotiations with the creditor:
    - (A) Documentation of the debtor's present and projected future income, expenses, assets, and liabilities, including documentation of the debtor's employment history.
    - (B) Any other documentation or information that the court determines is needed for the debtor to engage in good faith negotiations with the creditor. The court shall identify any documents required under this clause with enough specificity to allow the debtor to obtain the documents before the scheduled settlement conference.
  - (4) Require the creditor to bring to the settlement conference the following transaction history for the mortgage:
    - (A) A copy of the original note and mortgage.
    - (B) A payment record substantiating the default.
    - (C) An itemization of all amounts claimed by the creditor as being owed on the mortgage.
    - (D) Any other documentation that the court determines is needed.
  - (5) Inform the parties that:
    - (A) each party has the right to be represented by an attorney or assisted by a mortgage foreclosure counselor at the settlement conference; and
    - (B) an attorney or a mortgage foreclosure counselor may participate in the settlement conference in person or by telephone.
  - (6) Inform the parties that the settlement conference will be conducted at the county courthouse, or at another place designated by the court, on the date and time specified in the notice under subdivision (1) unless the parties submit to the court a stipulation to:
    - (A) modify the date, time, and place of the settlement conference; or
    - (B) hold the settlement conference by telephone at a date and time agreed to by the parties. If the parties stipulate under clause (B) to conduct the settlement conference by telephone, the parties shall ensure the availability of any technology needed to allow simultaneous participation in the settlement conference by all participants.
- (b) An attorney for the creditor shall attend the settlement conference, and an authorized representative of the creditor shall be available by telephone during the settlement conference. In addition, the court may require any person that is a party to the foreclosure action to appear at or participate in a settlement conference held under this section, and, for cause shown, the court may order the creditor and the debtor to reconvene a settlement conference at any time before judgment is entered.

- (c) At the court's discretion, a settlement conference may or may not be attended by a judicial officer.
  - (d) The creditor shall ensure that any person representing the creditor:
    - (1) at a settlement conference scheduled under subsection (a); or
    - (2) in any negotiations with the debtor designed to reach agreement on the terms of a foreclosure prevention agreement; has authority to represent the creditor in negotiating a foreclosure prevention agreement with the debtor.
  - (e) If, as a result of a settlement conference held under this section, the debtor and the creditor agree to enter into a foreclosure prevention agreement, the agreement shall be reduced to writing and signed by both parties, and each party shall retain a copy of the signed agreement. Not later than seven (7) business days after the signing of the foreclosure prevention agreement, the creditor shall file with the court a copy of the signed agreement. At the election of the creditor, the foreclosure shall be dismissed or stayed for as long as the debtor complies with the terms of the foreclosure prevention agreement.
  - (f) If, as a result of a settlement conference held under this section, the debtor and the creditor are unable to agree on the terms of a foreclosure prevention agreement:
    - (1) the creditor shall, not later than seven (7) business days after the conclusion of the settlement conference, file with the court a notice indicating that the settlement conference held under this section has concluded and a foreclosure prevention agreement was not reached; and
    - (2) the foreclosure action filed by the creditor may proceed as otherwise allowed by law.
  - (g) If:
    - (1) a foreclosure is dismissed by the creditor under subsection (e) after a foreclosure prevention agreement is reached; and
    - (2) a default in the terms of the foreclosure prevention agreement later occurs;the creditor or its assigns may bring a foreclosure action under IC 32-30-10-3 without sending the notices described in section 8 of this chapter.
  - (h) Participation in a settlement conference under this section satisfies any mediation or alternative dispute resolution requirement established by court rule.
- As added by P.L.105-2009, SEC.20.*

#### **IC 32-30-10.5-11**

##### **Foreclosure actions filed before July 1, 2009; court's duty to provide notice of availability of settlement conference**

Sec. 11. (a) This section applies to a mortgage foreclosure action with respect to which the creditor has filed the complaint in the proceeding before July 1, 2009, and the court having jurisdiction over the proceeding has not rendered a judgment of foreclosure before July 1, 2009. (b) In a mortgage foreclosure action to which this section applies, the court having jurisdiction of the action shall serve notice of the availability of a settlement conference under section 8(c) of this chapter.

*As added by P.L.105-2009, SEC.20.*



## Helpline Referral and Counseling Protocol

### Intake and Initial Referral Protocol

The Helpline Administrator shall handle incoming calls to 1-877-GET-HOPE (the “Helpline”) and inquiries on [www.877gethope.org](http://www.877gethope.org) (the “Website”) in the following manner:

1. Determine if calls and emails are “Legitimate Inquiries.” For these purposes, “Legitimate Inquiries” are only those calls or inquiries concerning mortgage default, delinquency, or foreclosure. Calls or inquiries not related to mortgage default, delinquency, or foreclosure are considered “Unrelated Inquiries” and shall be referred to appropriate agencies or other service providers outside of IFPN/HHF network. Legitimate Inquiries will either be referred to the intake at [www.877gethope.org](http://www.877gethope.org) or, in those cases where access to internet is not feasible, Helpline Administrator will assist the client by manually entering in their information in the system.
2. Analyze the inquiry based on the intake data collected to determine the optimal housing solution for the client. If the case is a Legitimate Inquiry and can be addressed through IFPN/HHF counseling, the Helpline Administrator will make the case available for referral to a Network Agency via the CounselorDirect system. If the Helpline Administrator determines that the call is an Unrelated Inquiry, then the Helpline Administrator shall refer the caller to the appropriate agency or other service provider outside of IFPN/HHF.
3. After determining that a client requires the services of a Network Agency, the Helpline Administrator refers the client Network Agency providing service in a client’s county via the CounselorDirect system.
  - a. If a Network Agency must halt incoming referrals, they are to contact the Helpline Administrator to request this. The request must be via email and the length of time that the Network Agency wishes to remain “offline” must be included in the message. Network Agencies may do this as necessary but the Helpline Administrator may request a reason for a Network Agency’s desire to be offline for more than two weeks. A request of a longer duration will require approval from either the Helpline Administrator or IHCD.
  - b. FOR WALK-IN CLIENTS: The CounselorDirect system has certain protocols built-in that check for duplication. Unfortunately, duplications still occur. Therefore, Network Agencies may contact the Helpline Administrator via email to check for duplication at any time, as needed. It is also strongly recommended that Network Agencies ask their walk-in clients if they have called the Helpline or completed the online intake. If the client indicates that they have already applied online or contacted the Helpline, please contact the Helpline Administrator to check on the status of the application.
  - c. Network Agencies must update the “Counselor Assigned” and “Counselor Status” in CounselorDirect as soon as possible once the referral is made. All agencies should be updating this information for all clients referred through the Helpline/website. This is necessary so that the Helpline Administrator is able to ensure that clients are assisted

within the accepted timeframe. If these statuses are not updated, the Helpline Administrator will contact Network Agencies to inquire as to the status of those clients with no selected status.

## Counseling Protocol

*Note: If the contract providing IFPN counseling services or HHF Administration between IHCD and a Network Agency contains different terms, standards or obligations related to counseling protocol, such terms, standards or obligations shall take priority over those set forth in this Manual.*

Once the counselor has received the file, he/she must attempt to contact the client at the first opportunity during the preferred hours identified by the client to set up an initial counseling session. The counselor must attempt to contact the client three (3) times within three (3) consecutive business days. Each attempt must also be logged in the appointments section of the client management system case file.

When a counselor is unsuccessful in reaching the client after three (3) attempts, the counselor will issue to the client an "Unable to Reach" letter, which includes the Network Agency's contact information and states that three (3) attempts were made to contact the individual and offers the individual assistance to contact the Network Agency. Counselors will print this letter, sign it, and send the letter to the client. These letters may be sent via e-mail, as appropriate. The date the letter is sent must be recorded in Counselor Direct. If the client fails to contact the Network Agency within fourteen (14) days of the issuance of the letter, the Network Agency will have cause for making the case inactive.

In such instance, the counselor will note in CounselorDirect that the case is closed due to non-response, noting that fourteen (14) days have passed since the issuance of an "Unable to Reach" letter.

When a counselor is successful in reaching the client, the counselor will schedule an initial session with the client. This initial session may occur at the Network Agency or by telephone, as long as mutually acceptable to the counselor and the client. The counselor should ask the client to bring (or send) all of the documentation needed to verify the information given to the Helpline Administrator during the intake session, such as pay stubs, mortgage statement, letters from lender, and any other relevant information.

The counselor will review client's documentation for the purpose of analyzing the client's current mortgage and financial situation and discuss possible solutions. In addition, the counselor will compare client's documentation to the information provided by the Helpline Administrator. Any changes to client information or new information that is relevant to the case and IHCD's Housing Counseling Indicators should be added to the case file in CounselorDirect.

## **Is the Client IFPN or HHF?**

Per IHCD's proposal dated February 14, 2011, indicates that all HHF Specialists will screen each client for their optimal solution to avoid foreclosure. In particular, Specialists should:

- Screen client based on information provided and indicate probability of client's eligibility for FHA programs, HARP, HAMP, HAFA and whether or not lender/service would be willing to modify their existing loan (possibly through private label option).
- In particular, Specialist must screen for eligibility for HAMP (home bought before 1/1/09, payment greater than 31% of gross monthly income). This includes the UP (HAMP Unemployment Program).
- If the Specialist determines that the client is eligible for a non-HHF workout solution, then the client becomes an IFPN client.
- If the Network Agency is not administering HHF and determine that the client is eligible for the program, they should contact the Helpline Administrator so that the client may be referred to an agency that does administer HHF.

## **If the Client is Determined to be IFPN**

If after the initial session there is a plan for a non-HHF workout solution, the counselor should set up any subsequent appointments necessary to implement the plan. The counselor should log all case management, phone counseling, and appointments in Counselor Direct. The counselor should also obtain the client's signature on the required IFPN authorization and acknowledgment documents (if not already done).

Implementing the workout plan requires the counselor to take and document the following action steps:

1. Draft and submit hardship letter to servicer that describes the client's situation, the reason for delinquency, the factors that should be considered when developing a workout plan, and an estimate of the housing cost the client can afford to pay.
2. Attempt to contact servicer or lender and, if a workout is possible, fill out and submit requisite servicer forms to move forward with a successful workout. All such attempts must be documented in client management system.
3. Complete and submit application for local resource options including but not limited to refinance programs and rescue funds.
4. Assist in situations where client elects to pursue sale options, and retain documentation of same.
5. Determine whether the client is a viable candidate for HHF (please see later sections of this manual for more information on HHF protocol and processes).

After implementing the workout plan, the counselor may work with the client toward a “Successful Workout”. To achieve a Successful Workout, the counselor will take the following steps:

1. Assess all factors that affect the client’s ability to make the monthly mortgage payment. Make referrals, as needed, to local organizations for health and child care, marital guidance, and job training and placement.
2. Negotiate with the mortgagee and/or mortgage servicing organization on a suitable workout solution. If a deed-in-lieu is the targeted outcome, the counselor should refer the case to an attorney within the IFPN. The counselor shall notify the Attorney General of any suspected mortgage fraud or predatory loan.
3. Monitor the client’s progress toward meeting financial and housing stability. This should continue until either a Successful Workout is achieved or there is a termination of counseling.

Only certified foreclosure prevention counselors who have completed the appropriate Indiana HELPS trainings may provide the services described in this document. Counselors must complete continuing education and training opportunities outlined on [www.877gethope.org](http://www.877gethope.org) and <http://www.in.gov/ihcda/2528.htm> to provide the services to clients and have the ability to submit claims for their work.

A Network Agency must make available all records and documentation regarding its program and clients to IHCD for up to three (3) years. All information must be kept confidential.

**If the client has a back-end debt-to-income ratio at or above 55%, the counselor shall provide trial loan modification services as established by the Making Home Affordable Program and as described below – these clients will be referred to counselors BY THEIR LENDER. These services will be in lieu of the workout planning and implementation services described above.**

The counselor shall keep on file proof that client was referred to counselor with a trial loan modification. In many cases, this will be a copy of the trial loan modification agreement or the counseling agency referral letter from the servicer. The counselor shall collect a signed authorization form from the client or have other legally-permissible client authorization on record that will allow counselor to:

1. Submit client-level information to the data collection system for the Making Home Affordable Program grant;
2. Open files to be reviewed for program monitoring and compliance purposes and to share information among servicer, counselor, and program administrators and their agents; and
3. Conduct follow-up with client related to program evaluation. Clients may opt out of only this subsection (3.), but proof of this opt-out must be retained in the client’s file. The counselor must also allow client access to its privacy policy statement.

The counselor will verify client’s income, debt, and expenses and calculate back-end debt to income (DTI) ratio. The back-end DTI is the ratio of the borrower’s total monthly debt payments to the borrower’s Monthly Gross Income. A standard for calculating back-end DTI is included in the

Counseling Protocol available at [www.nfmcmembers.org](http://www.nfmcmembers.org). The counselor will create a crisis budget, if necessary and long-term budget using standard form and recalculate new back-end DTI. The counselor will also provide the following services:

1. Create an action plan for the client that includes a timeline to eliminate unnecessary debt, minimize expenses, increase income, and increase savings.
2. Discuss terms of mortgage and how to stay current with client, even if/when rate resets. Explain incentive component and that re-defaulting loans will be terminated from the program. A loan will be considered to have re-defaulted when the borrower reaches a 90- day delinquency status under the Mortgage Banker Association delinquency calculation. Note: in order to successfully complete the initial trial period (at minimum three (3) payments at modified terms), a borrower must be current by the third payment.
3. Refer client to job training or referral programs if applicable.
4. Establish follow-up schedule with client, with at least one (1) additional appointment, as required by the action plan. It is expected that a client will notify the counselor if he or she has a significant change in circumstances.
5. Establish that the budget (including analysis of actual income, debt and expenses) must be tracked over the course of counseling.
6. Counselor must document each session, including the borrower's back-end DTI and the borrower's willingness to continue/complete counseling.

When the counselor has completed the above services on behalf of a client with a back-end DTI of 55%, the counselor may do the following:

1. Conduct one (1) follow-up session.
2. Verify income, debt, and expenses and calculate back-end DTI in the same manner that counselor calculated the initial back-end DTI.
3. Document client's ability to adhere to the crisis budget and/or long-term budget and progress against the action plan developed during the first visit.
4. Verify the status of client's payment on modified loan.

If the Network Agency has indicated to IHCD its desire to participate in the NeighborWorks America National Foreclosure Mitigation Counseling (NFMC) Program, it is eligible to submit claims for completing the workout plan, implementing the workout plan or providing the Making Home Affordable counseling. The form on which a Network Agency may elect to participate in the NFMC Program is contained in the Housing Counseling Resources section of this Manual.

IHCD will pay counselors for achieving service levels outlined in this document. More information on submitting claims may be obtained by contacting Megan Hawk at [mehawk@ihcd.in.gov](mailto:mehawk@ihcd.in.gov).

## Termination of Services

The Network Agency must document any termination of IFPN/HHF counseling in CounselorDirect. Termination occurs or may occur under any of the following circumstances:

1. The counselor has made three (3) attempts to contact the client, issued an “Unable to Reach” letter/e-mail, and has not heard back from the client within fourteen (14) days of the date the letter/e-mail was issued;
2. The client meets his or her housing needs or resolves the housing problem;
3. The counselor determines that further counseling will not meet the client's housing needs or resolve the client's housing problem;
4. The client terminates the counseling without resolving the housing problem;
5. The client does not follow the agreed-upon counseling and workout plan; or
6. The client repeatedly fails to appear for counseling appointments.

For all terminations, the counselor should attempt to obtain the client’s signature on the IFPN Termination Form, which will be posted on the partner section (requires login) on [www.877gethope.org](http://www.877gethope.org). If termination is because of circumstances described in 2, 3, 4, or 5 mentioned above, the Network Agency should either obtain the client’s signature or have a witness sign the Termination Form.



## Foreclosure Helpline/Website and Important Contacts

The IFPN utilizes a toll-free Helpline available twelve (12) hours a day (from 8:00 a.m. to 8:00 p.m.), six (6) days per week (Monday through Saturday). In addition, IFPN utilizes a free Website with foreclosure education and intake capabilities, available twenty-four (24) hours a day, seven (7) days per week (\*Excluding blackout dates). Both the Helpline and the Website are operated by the Helpline Administrator, under its agreement with IHCD. The IFPN Helpline number is **1-877-GET-HOPE (1-877-438-4673.)** The IFPN Website is [www.877gethope.org](http://www.877gethope.org).

### IFPN Helpline

**1-877-GET-HOPE**

#### Black Out Dates due to Holidays

- New Year's Day - January 1
- Martin Luther King's Birthday – Third Monday in January
- President's Day – Third Monday in February
- Good Friday – Friday before Easter
- Memorial Day – Last Monday in May
- Independence Day - July 4
- Labor Day - First Monday in September
- Columbus Day – As Observed
- Veteran's Day – November 11
- Thanksgiving Day - Fourth Thursday in November
- Day after Thanksgiving Day - Fourth Friday in November
- Christmas Eve - December 24
- Christmas Day - December 25
- New Year's Eve – December 31

AHC holiday policy: When a holiday falls on a Sunday, the following Monday shall be considered the official holiday providing that Monday is not also a holiday. If so, the following Tuesday shall be considered the official holiday. When a holiday falls on a Saturday, the preceding Friday shall be considered the official holiday providing that Friday is not also a holiday. If so, the preceding Thursday shall be considered the official holiday.

IFPN Helpline: Because the Helpline is open 6 days per week, if the Holiday falls on a Saturday, the Helpline will be closed on that Saturday. If the holiday falls on a Sunday, the following Monday will be the Holiday. But, all holidays will be looked at and discussed as they come up to determine the best way to handle the time off with regard to call volume and demand.

## Notices/Acknowledgements/Authorizations

There are several documents provided at [www.877gethope.org](http://www.877gethope.org) as well as at [www.877gethope.com](http://www.877gethope.com) via Counselor Direct that are directed toward homeowners utilizing the IFPN, some of which require the homeowner's signature to acknowledge their receipt, consent, and/or understanding of the documents. For example, homeowners are required to sign an acknowledgement of their understanding that counseling services are limited to the issues of mortgage delinquency and foreclosure.

It is important that these forms are consistently used correctly by Network Agencies. Therefore, this information may be supplemented or revised from time to time. A password is required to access these documents and is only provided with IFPN/HHF staff approval. Please contact Megan Hawk at [mehawk@ihcda.in.gov](mailto:mehawk@ihcda.in.gov) for information on how to access this information.

## HHF Claims and Integration with IFPN Claims

Due to the complexity of the claim system for both IFPN and HHF, additional clarification on these issues is below. This narrative primarily deals with HHF claims – IFPN claims are addressed later in this Manual. Questions on more specific claims procedures, including how to utilize IHCDA Online, deadlines for claims, NFMC reporting, reporting for IFPN affiliate agencies, etc. may be directed to Megan Hawk at [mehawk@ihcda.in.gov](mailto:mehawk@ihcda.in.gov).

- HHF \$50 Referral Fee Claim – if an agency has made contact with the client and the client is listed as a “Pass” in CounselorDirect (as pre-eligible for the program), the agency may claim a \$50 Referral Fee, regardless of any other subsequent action taken on that client. Below are the documents that must be in the client's CounselorDirect file for audit purposes and to receive the Referral Fee:
  - All case notes.
  - Copy of financial worksheet printed from CounselorDirect – does not need to be signed but must show that the client is receiving unemployment insurance benefits or was previously receiving unemployment insurance benefits and is now re-employed.
  - Client's name, contact information and loan number.
  - NETWORK AGENCIES ARE RESPONSIBLE FOR CHECKING OFF THE “HHF REFERRAL FEE” BOX IN COUNSELORDIRECT.
- HHF \$400 Completed Application Fee – if an agency, after screening the client for all available options that best suit their needs, submits a COMPLETE application, the agency may be given a \$400 Completed Application Fee. A few items of note for this fee:
  - HHF underwriting staff approves payment of these fees. As a result, the fee will





not be marked for payment until there is a complete application received by underwriting for the client.

- HHF underwriting staff reserves the right to request additional information on the client prior to approving this fee.
- For those Network Agencies who provide both IFPN counseling services and HHF administration, this fee MAY serve as a substitute for Level One/Level Two IFPN counseling but may never be combined with any Level One/Level Two counseling claims. If a Network Agency provides any IFPN counseling to the client prior to submitting an application for HHF for the client, they are no longer eligible to receive this Completed Application Fee UNLESS the client received IFPN counseling prior to HHF program launch on May 1, 2011. In those cases, please contact Megan Hawk at [mehawk@ihcda.in.gov](mailto:mehawk@ihcda.in.gov) to discuss.
- HHF \$300 Application Approval Fee and \$30 Recording Fee – if an agency, after submitting a COMPLETE application for its client, has a client who signs the loan documents for HHF, the agency may be given a \$300 Application Approval Fee and a \$30 Recording Fee. A few items of note for these fees:
  - HHF underwriting staff approves payment of these fees. As a result, the fees will not be marked for payment until there are signed loan documents in the system (please refer to the “Closing Procedures” section of this Manual).
  - HHF underwriting staff reserves the right to request additional information on the client prior to approving these fees.
  - For those Network Agencies who provide both IFPN counseling services and HHF administration, these fees MAY be used in combination with a \$400 Completed Application Fee OR Level One/Level Two IFPN fees. Typically, both of these fees are approved and paid at the same time for each approved client. As a result, these fees are not typically approved until after HHF staff have verified that the loan has been recorded. Please contact Megan Hawk at [mehawk@ihcda.in.gov](mailto:mehawk@ihcda.in.gov) with any questions on these fees.

## Conflicts of Interest

IFPN Counselors and HHF Specialists must avoid any actual or apparent conflict of interest as it relates to the counseling services to be provided.

To assist counselors with determining when a conflict exists, the following examples are provided. **A conflict of interest may arise when:**

- A counselor, other employee, agency director or officer, or their spouses, children, employers, or person with whom they are negotiating future employment, has a direct interest in the client as a landlord, broker, or creditor;
- A counselor, other employee, agency director or officer, or their spouses, children, or employers, originate, have a financial interest in, service, or underwrite a mortgage on the client's property;
- A counselor, other employee, agency director or officer, or their spouses, children, employers or a person with whom they are negotiating future employment, owns or purchases a property that the client seeks to rent or purchase;
- A counselor, other employee, agency director or officer, or their spouses, children, employers, or person with whom they are negotiating future employment, serve as a collection agent for the client's mortgage lender, landlord, or creditor;
- A counselor, other employee, agency director or officer, or their spouses, children, employers, or person with whom they are negotiating future employment, are or have an interest in an appraiser, builder, contractor, broker, or real estate agent who may have an interest in the client's property;
- A counselor, other employee, agency director or officer, or the agency would be eligible for any fee or other compensation from another counseling organization mortgage lender, broker, contractor, builder, or real estate agents/broker for making a referral of a client to them;
- A counselor, other employee, agency director or officer, or their spouses, children, employers, or person with whom they are negotiating future employment, stand to benefit in any way from the outcome of the client's case; or
- A counselor, other employee, agency director or officer, contractor, or agent of a Network Agency refers clients to mortgage lenders, brokers, builders, insurance providers, real estate sales agents or real estate brokers in which the counselor, director or officer, employee, or their spouse, child, or general partner has a financial interest.



INDIANA FORECLOSURE PREVENTION NETWORK

This list is meant to be illustrative and is not exhaustive. If the Network Agency thinks there is a conflict of interest in serving a client but is unsure, it should contact IFPN/HHF staff at IHCD for clarification (please see staff listing later in this manual). It is possible that after investigation, it is determined that an apparent or potential conflict of interest would not prevent the Network Agency from assisting the particular client. However, the Network Agency's counselors must inform the client in writing whenever an apparent or potential conflict of interest arises and take all necessary steps to resolve the issue in a manner that safeguards the client's interests. Before proceeding to counsel a client with whom a counselor has a potential or apparent conflict of interest, the counselor must provide a written disclosure to the client and obtain the client's written acknowledgment of the disclosure of the potential or apparent conflict.

In the case of an actual conflict of interest, the Network Agency may not provide counseling services to the client and the Network Agency's IFPN or HHF contact must inform the Helpline Administrator of the actual conflict of interest and request the case be reassigned.

## **Predatory Lending**

### **How to submit complaint on predatory lending**

If you believe your client is a victim of a predatory mortgage loan you may download a Consumer Complaint Form available from the Indiana Attorney General's office. The form may be found at <http://www.in.gov/attorneygeneral/2434.htm>. The client must be the one to complete this form, but a housing counselor may assist the client in doing so. Once the form is completed it should be mailed to:

Attorney General  
Consumer Protection Division  
Government Center South, 5<sup>th</sup> Floor  
302 West Washington St.  
Indianapolis, IN 46204  
Fax: 317-233-4393

You may also complete this form online at  
<http://12.186.81.50/ConsumerComplaintForm/ConsumerComplaintForm.htm>

To follow up on this claim you can also contact the Attorney General's Office by phone at 317-232-6330 or visit [www.IndianaConsumer.com](http://www.IndianaConsumer.com).

## Countrywide Settlement FAQ

Countrywide entered into settlements with the Attorneys General of multiple states and the State of Hawaii Office of Consumer Protection. Under these settlements, Countrywide will offer modifications to borrowers who meet certain eligibility criteria. **Note: All Countrywide loans are currently being serviced by Bank of America.**

The settlements require Countrywide to offer other forms of assistance, including loan modifications, to certain borrowers as well. To learn more about the other programs offered by Countrywide under the settlements, please contact the Office of the Indiana Attorney General at 317-232-6310, or Bank of America at 1-800-669-6607.

For more information please visit <http://www.in.gov/attorneygeneral/2554.htm>.

## Network Agency Administration

### IFPN and Indiana HELPS Training Requirements

Neighborhood Christian Legal Clinic (“NCLC”) administers the necessary foreclosure counseling training for IHCD to ensure that each Network Agency and counselors receive consistent and comprehensive information and materials to prepare them for the mortgage default and foreclosure cases they will be handling. NCLC offers these training courses throughout the year. Please refer [www.877gethope.org](http://www.877gethope.org) for information on upcoming training opportunities.

IHCD requires that only certified (via Indiana HELPS) mortgage foreclosure prevention counselors manage the foreclosure cases the Network Agencies receive through the IFPN. Although counselors who are partially trained may take cases, they must be supervised by a fully trained counselor at the Network Agency. Supervisors must periodically monitor the work of these counselors by doing spot checks of their client files. Such monitoring should be documented by the agency. Upon request, IHCD may permit housing counselors with seven (7) or more years of mortgage default/foreclosure counseling experience to function as “fully trained” counselors at the Network Agency.

Additional information on Indiana HELPS training and certification may be found at [www.877gethope.org](http://www.877gethope.org) as well as <http://www.in.gov/ihcd/2528.htm>.

**Foreclosure Counseling Standards and Protocol Information for IFPN Counselors – see [www.877gethope.org](http://www.877gethope.org) for more information**

[NFMC Program Protection and Disposal of Client Information](#)  
[National Industry Foreclosure Counseling Standards](#)

## NFMC Compliance Requirements

### National Industry Standards

- When applying for the IFPN or HHF, grantees certify adherence to these standards in contract
- Program requirements are based on the National Industry Standards
- May be found at <http://www.in.gov/ihcda/2628.htm> and will also soon be posted on the partner area of [www.877gethope.org](http://www.877gethope.org)

### Client File Requirements – please see additional criteria for HHF later in this manual

- All client files must contain:
  1. Authorization Form which allows your organization to:
    - Submit client-level information to IHCD and NFMC
    - Open files to be reviewed for program monitoring and compliance purposes
    - Conduct follow-up with client as it relates to program evaluation. CLIENTS MAY OPT OUT OF THESE REQUIREMENTS, BUT FILE MUST CONTAIN DOCUMENTATION OF THIS OPT-OUT
  2. Documentation client was allowed access to per the privacy policy statement.
  3. Disclosure Statement, which must include:
    - Description of the various types of services provided by the Grantee
    - Disclose of any financial relationships between the grantee and other industry partners
    - Clearly state the client is not obligated to receive any other services offered by the Grantee or its exclusive partners.
  4. Making Home Affordable Eligibility
    - Grantees must determine and document if the client is eligible for MHA refinance or modification options.
- Level One Client Files:
  1. Budget Preparation
    - A copy of a budget developed for the client, based on the client's oral representation of their expenses, debts, and available sources or income.
  2. Action Plan
    - A written action plan developed for the client assessing the client's financial circumstances, client's goal, and options available to the client. The Action Plan includes detailed steps the homeowner and counselor will take to achieve a solution.

- Level Two Client Files:
  1. Budget Verification
    - Documentation showing client's true debt obligations (credit report); monthly expenses and spending patterns (monthly bills, bank statements); and realistic opportunities for income (tax returns, pay stubs).
  2. Documentation of steps taken to obtain a solution as outlined in Action Plan
    - Examples: a copy of the hardship letter to servicer, documented attempts to contact servicer, copy of workout plan, loan modification, application for local resource options, and/or a copy of rescue funds received.
  3. Close-Out Documentation
    - For NFMCC, close-out refers to any of the documentation in #2. All files must include a reason for close-out and any documentation demonstrating a solution.
    - If #1 and #2 are completed and the client has not contacted your organization for three (3) consecutive months, the file may be marked inactive and may be reported to NFMCC.
- Level 4a Client Files:
  1. Proof of referral from servicer
    - Copy of trial modification agreement
    - Referral letter from the servicer
  2. Authorization Form
  3. Verified budget at intake
  4. Documentation of back-end DTI
  5. Action Plan
  6. Date of follow-up meeting
- Level 4b Client Files:
  1. Verified budget at time of second appointment
  2. Documentation of back-end DTI at time of second appointment
  3. Documentation of progress against Action Plan
  4. Documentation of borrower's modified loan status

## Action Plan

- A comprehensive written Action Plan includes the following:
  1. Summary of the client's problem
  2. Steps to be taken by the client
  3. Steps to be taken by the counselor
  4. Outline of the timeline necessary to reach a solution
- Important Tips for a Good Action Plan:
  1. Make sure that each client's Action Plan is specific to their situation

2. Make sure to include specific information such as: client's goal, financial circumstances, assessment of the property, options available for client, and contact information for other community resources
3. Once you develop the Action Plan, make sure to review it with your client and make any changes as necessary
4. An Action Plan should be given to the client within 24 hours of the counseling session and immediately if face-to-face.

## Comments

1. Grantees must have a separate program budget for IFPN
2. Buildings where counseling takes place must be fully accessible to persons with disabilities
3. The following checklists are not required but may be helpful in making sure all appropriate documents have been collected for IFPN Counseling (please see additional

## Summary of IFPN Claims

### NFMC Sub grantees

- The IFPN guarantees payment for Level One (\$180) and Level Two (\$360) claims, even when NFMC funds are exhausted. Network Agencies are able to see which claims are paid out of NFMC funds and state funds by looking at IHCD Online. Please contact Megan Hawk at [mehawk@ihcda.in.gov](mailto:mehawk@ihcda.in.gov) with questions on how to access this information.
- Once IHCD staff determines the Agency's appropriate level of counseling funding per the Agency's fiscal year application, IHCD will provide for an additional amount of program delivery funding up to and including 10%. The Agency must include in the application what it intends to use this funding for.

### IFPN Affiliate Agencies

- Are able to claim for \$50 for each IFPN referral that it takes. However, there will some limitations, as follows:
  - o The Agency must indicate on the monthly report the outcome counseling services with this client.
  - o What defines a successful outcome or non-successful outcome will be defined here and in the Agency contract.
- Successful outcomes include the following:
  - o Client underwent counseling and received resolution including:
    - Short sale
    - Sale of home or refinance
    - Deed-in-Lieu of Foreclosure
    - Assumption of Mortgage

- Partial Claim Agreement
- Loan Modification
- Forbearance
- Repayment Plan
- Loan Reinstatement
- o Client underwent counseling, received temporary modification or other resolution and then left counseling
- o Client underwent counseling and was referred to attorney or other service provider to assist them in achieving a positive outcome
- Non-successful outcomes include the following:
  - o Client was unresponsive
  - o Client terminated counseling before final outcome is known o Client was counseled but home ultimately lost to foreclosure
- The Agency does not have to specify the exact outcome. For IFPN purposes, IHCD will only need “Successful Outcome” or Non-Successful Outcome”.
- This will greatly increase our ability to demonstrate to decision makers that the IFPN is successful in assisting clients that come through IHCD.
- We hope that by not requiring specifics on these clients, the IFPN will not jeopardize any of the Agency’s relationships with other foreclosure counseling funding sources.

### **Information for IFPN Agencies when Referring Pre-Foreclosure**

#### **Clients to Indiana Legal Services (ILS)**

- 1) Pre-foreclosure clients DO NOT have to meet ILS’ regular income guidelines.
- 2) ILS can assist the referred homeowner in a variety of foreclosure prevention and related activities, including but not limited to:
  - a. Interpreting loan documents
  - b. Reviewing case files
  - c. Providing advice on foreclosure rights and options
  - d. Negotiating with servicers
  - e. Assisting with nullifying rescue scams
  - f. Providing advice and counsel to hotlines of participating counseling agencies
  - g. Working with a counselor to help a homeowner
  - h. Preparing documents for homeowners for non-civil litigation purposes
  - i. In judicial foreclosures, any assistance prior to a foreclosure filing
  - j. Mediation procedures that are non-court related.
  - k. In addition to specific loan-related issues, clients may need help with a range of problems that impact on household income (such as employment, tax, benefits, family or consumer law issues).



- 3) There is a prohibition on using NFMF funds to seek or receive advice for a client involved in a judicial foreclosure case. In other words, ILS may not represent a client with NFMF funds once a foreclosure complaint is filed. They can represent someone up until the date of filing. This includes the 30 days prior to filing when the notice required by Indiana law is sent.

### **ILS Branch Office and Counties Served**

#### **BLOOMINGTON OFFICE**

Bartholomew, Brown, Clay, Greene, Jackson, Lawrence, Monroe, Morgan, Orange, Owen, Parke, Putnam, Sullivan, Vigo

214 South College Avenue, 2<sup>nd</sup> Floor

Bloomington, IN 47404

Phone: 812-339-7668

Toll Free: 800-822-4774

Fax: 812-339-2081

#### **EVANSVILLE OFFICE**

Daviess, Dubois, Knox, Gibson, Martin, Perry, Pike, Posey, Spencer, Vanderburgh, Warrick

2425 US Hwy 41 N, Suite 401

Evansville, IN 47711

Phone: 812-426-1295

Toll Free: 800-852-3477

Fax: 812-422-7332

#### **FORT WAYNE OFFICE**

Adams, Allen, Blackford, Dekalb, Grant, Huntington, Jay, Steuben, Wells, Whitley

919 South Harrison, Suite 200

Fort Wayne, IN 46802

Phone: 260-424-9155

Toll Free: 888-442-8600

Fax: 260-424-9166



#### GARY-MERRILLVILLE OFFICE

Jasper, Lake, Newton, Porter

5401 Broadway, Suite A

Merrillville, IN 46410

Phone: 219-886-3161

Toll Free: 888-255-5104

Fax: 219-886-5143

#### INDIANAPOLIS OFFICE

Boone, Decatur, Delaware, Fayette, Franklin, Hamilton, Hancock, Hendricks, Henry, Johnson, Madison, Marion, Randolph, Rush, Shelby, Union, Wayne

Market Square Center, 151 North  
Delaware, Suite 1800, Indianapolis,  
IN 46204

Phone: 317-631-9410

Toll Free: 800-869-0212

Fax: 317-631-9775

#### LAFAYETTE OFFICE

Benton, Carroll, Cass, Clinton, Fountain, Howard, Miami, Montgomery, Tippecanoe, Tipton, Vermillion, Wabash, Warren, White

639 Columbia Street,  
PO Box 1455 Lafayette,  
IN 47902-1455

Phone: 765-423-5327

Toll Free: 800-382-7581

Fax: 765-423-2252

#### NEW ALBANY OFFICE

Clark, Crawford, Dearborn, Floyd, Harrison, Jefferson, Jennings, Ohio, Ripley, Scott, Switzerland, Washington

Plaza Square South, Suite 5, 3303

Plaza Drive New Albany, IN 47150

Phone: 812-945-4123

Toll Free: 800-892-2776

Fax: 812-945-7290



**SOUTH BEND OFFICE**

Elkhart, Fulton, Kosciusko, LaGrange, LaPorte, Marshall, Noble, Pulaski, St. Joseph, Starke

401 E. Colfax, Suite 116, The  
Commerce Center South Bend, IN  
46617

Phone: 574-234-8121

Toll Free: 800-288-8121

Fax: 574-239-2185

DRAFT

## **Making Home Affordable (MHA) Overview**

The Making Home Affordable (MHA) Program is the federal government's broad strategy to assist homeowners in avoiding foreclosure. Through MHA, there are a variety of options available to many types of borrowers. While MHA is a good option for many IFPN clients (and screening for MHA is required by NFMC for all IFPN clients), it is also important for those agencies who administer HHF (as outlined below).

Prior to submitting an application for HHF to IHCD, all HHF Specialists must first screen their clients for MHA to see what, if any, programs may be suitable to the specific client's needs. Specialists should go to <http://www.makinghomeaffordable.gov/get-assistance/exploreeligibility/Pages/eligibility.aspx> in order to determine MHA eligibility. A copy of the results of the eligibility screen should be uploaded in Counselor Direct.

If a Specialist needs to escalate a review under MHA for their client, please refer to <https://www.hmpadmin.com/portal/resources/escalation.jsp>.

To see if your client has a Fannie Mae loan, please refer to <http://www.fanniemae.com/loanlookup/>.

To see if your client has a Freddie Mac loan, please refer to <https://www3.freddiemac.com/corporate/>.

For more specific information on MHA and all of the programs available, please refer to the most recent MHA handbook at <https://www.hmpadmin.com/portal/programs/guidance.jsp>.

Additionally, a power point specifically designed for counselors needing to navigate MHA for their clients is included as an addendum to this manual and on [www.877gethope.org](http://www.877gethope.org).

A brief description of the programs under MHA are found below:

### **Home Affordable Modification Program (HAMP)**

Designed to help financially struggling homeowners avoid foreclosure by modifying loans to a level that is affordable for borrowers now and sustainable over the long term. Borrower eligibility is based on meeting specific criteria including:

- 1) borrower is delinquent on their mortgage or faces imminent risk of default
- 2) property is occupied as borrower's primary residence
- 3) mortgage was originated on or before Jan. 1, 2009 and unpaid principal balance must be no greater than \$729,750 for one-unit properties.

After determining a borrower's eligibility, a servicer will take a series of steps to adjust the monthly mortgage payment to 31% of a borrower's total pretax monthly income: First, reduce the interest rate to as low as 2%; Next, if necessary, extend the loan term to 40 years;

Finally, if necessary, forbear (defer) a portion of the principal until the loan is paid off and waive interest on the deferred amount. The Home Affordable Modification Program includes incentives for borrowers, servicers and investors.

**Second Lien Modification Program (2MP)**

Designed to enable borrowers struggling with their mortgage to lower payments on second mortgages.

**Home Affordable Foreclosure Alternatives Program (HAFA)**

Provides borrowers that do not qualify for a HAMP modification with options to avoid foreclosure through a short sale or deed-in-lieu.

**Treasury FHA-HAMP**

Provides certain incentive payments under HAMP to eligible borrowers with FHA-insured first lien mortgage loans that are modified under applicable FHA guidelines.

**RD-HAMP**

Provides certain incentive payments under HAMP to eligible borrowers with RHS-guaranteed (USDA) first lien mortgage loans that are modified under applicable RHS guidelines.



## **INDIANA** **HARDEST HIT FUND UNEMPLOYMENT BRIDGE PROGRAM**

### **Summary Guidelines**

|  |   |
|--|---|
| <b>1. Program Overview</b>                                       | Under Indiana's Hardest Hit Fund Unemployment Bridge Program (UBP) the Indiana Housing and Community Development Authority (IHCDA) will offer individuals who are unemployed through no fault or neglect of their own a monthly benefit to cover a portion of their first mortgage and related expenses while the individual seeks new employment. When necessary, IHCDA may also provide a limited amount of funding at the outset of assistance to bring a mortgage current so that IHCDA may provide future monthly payments. IHCDA may also provide assistance to currently substantially underemployed homeowners who accumulated a delinquency during a period of unemployment but cannot bring their mortgage current with their current income. This last category of assistance will only apply if borrowers: (a) qualify in all other respects for assistance; (b) have demonstrated that they can afford mortgage payments with their post-unemployment income; and (c) cannot qualify for mortgage reinstatement but for HHF assistance. Assistance is subject to approval of the homeowner's HHF Action Plan, which is a plan relating solely to TARP funded modification programs that will be developed by a housing counseling agency in connection with the initial intake eligibility screening and file underwriting process, and approved by IHCDA (the "HHF Action Plan"). |
| <b>2. Program Goals</b>  | The goal of the UBP is to cover a portion of PITI for eligible unemployed and substantially underemployed homeowners, allowing them to:<br>1) Secure re-employment in their occupation; or<br>2) Access training made available through the Indiana Department of Workforce Development that will help them secure employment in a new  |
| <b>3. Target Population / Areas</b>                              | Our target population is low- to moderate-income homeowners in any county in Indiana. Homeowners in the 46 counties classified as hardest hit will be eligible for a longer term of assistance (18 months) than homeowners residing in other counties (12 months).  |
| <b>4. Program Allocation (Excluding Administrative Expenses)</b> | \$182,652,552.15  |
| <b>5. Borrower Eligibility Criteria</b>                          | <ol style="list-style-type: none"> <li>1. Unemployed and eligible for unemployment insurance or (in limited cases) substantially underemployed and able to document both current financial hardship and a prior period of unemployment resulting in a current delinquency;</li> <li>2. Engaged in approved training, education or structured volunteer work (as defined by IHCDA) except for the limited number of cases in which we will assist currently underemployed individuals;</li> </ol>  |

|  |   |
|--|---|
|  | <ol style="list-style-type: none"> <li>3. Current household income below 140% AMI adjusted for borrower household size;</li> <li>4. Documentation of six months of pre-hardship timely payments;</li> <li>5. Agreement to pay a minimum of 30% of household income at time of enrollment toward PITI based on documentation of unemployment benefits, except for the limited number of cases in which we will assist currently underemployed individuals; in those cases, individuals will be expected to make some contribution toward clearing their delinquency, with 30% of household income serving as the standard;</li> <li>6. Owning only one home;</li> <li>7. Submission of hardship affidavit documenting inability to pay mortgage;</li> <li>8. Priority of service will be extended to veterans and military personnel (active or reserve);</li> <li>9. Receiving unemployment insurance benefits from the Indiana Department of Workforce Development ("DWD") on or after the UBP implementation date;</li> <li>10. At IHCD's sole discretion, Borrower may be removed from the program for failing to make their required payments,</li> </ol> |
| <b>6. Property / Loan Eligibility Criteria</b> | <ol style="list-style-type: none"> <li>1. Owner-occupied primary residence located in Indiana.</li> <li>2. The unpaid principal balance of the borrower's first lien mortgage cannot exceed the conforming loan limit established by the Federal Housing Finance Agency, as modified from time to time.</li> </ol>  |
| <b>7. Program Exclusions</b>                   | <ol style="list-style-type: none"> <li>1) Property is vacant, abandoned or condemned.</li> <li>2) Borrower has not exhausted or been ruled ineligible for other programs (federal or direct lender).</li> <li>3) Borrower has liquid assets sufficient to make 6 months' worth of payments, excluding retirement accounts.</li> <li>4) Borrower is ineligible for unemployment benefits (for example due to nature of job loss or no W-2 reportable wages).</li> </ol>  |
| <b>8. Structure of Assistance</b>              | <p>All assistance is structured as a forgivable, non-recourse, non-amortizing loan, secured by a junior lien on the property. The loan has a term of 10 years and is forgiven at a rate of 20% per year in years 6 through 10 of the loan term. If the borrower sells the property before the forgiveness period expires; all net sale proceeds up to the full principal balance outstanding will be due and payable to IHCD. All funds returned to the UBP may be recycled until December 31, 2017; thereafter they will be returned to Treasury.</p>  |
| <b>9. Per Household Assistance</b>             | <p>Total assistance per household is not to exceed \$18,000 in hardest hit counties or \$12,000 in balance of state.</p>  |



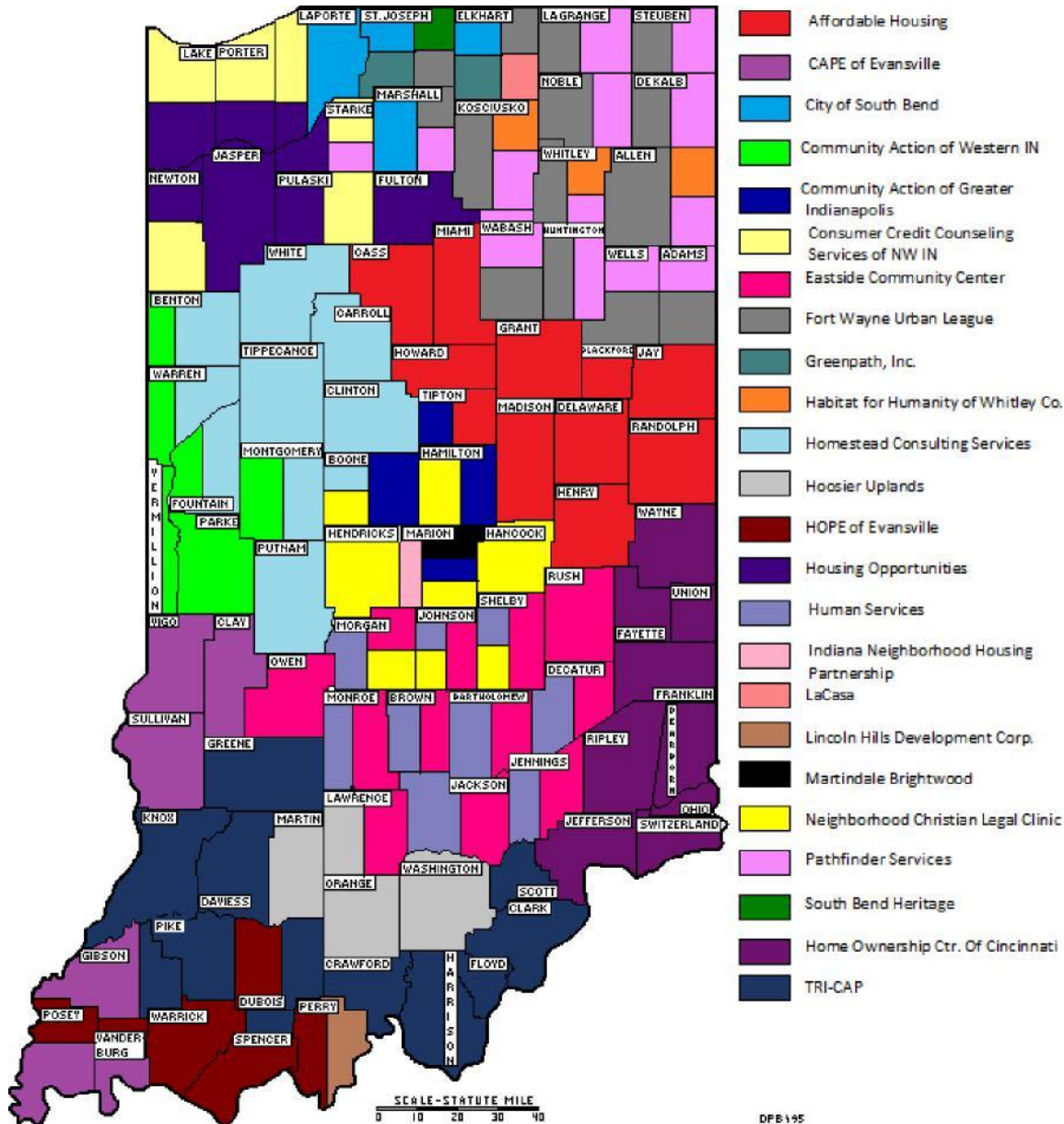
|  |  |
|--|--|
| <b>10. Duration of Assistance</b>  | In hardest hit counties, up to eighteen months or three months after re-employment, whichever comes first; in balance of state, up to one year or three months after re-employment, whichever comes first. In either case, assistance will terminate upon household's receipt of the maximum assistance. As applicable, total assistance will be reduced by 1) the number of months' payment required to bring a homeowner current on their mortgage and/or 2) the amount required to pay for taxes and insurance on non-escrowed loans. Once homeowner is brought current, the maximum amount of monthly assistance per household may not exceed \$1,000.00.  |
| <b>11. Estimated Number of Participating Households</b>                      | An estimated 16,257 households will receive assistance, at an average assistance level of about \$702 per month for an average of approximately sixteen (16) months of assistance, inclusive of payments to clear delinquencies and assistance after re-employment.  |
| <b>12. Program Inception / Duration</b>                                      | Provided that IHCDCA receives prompt and reasonable cooperation from servicers, IHCDCA anticipates that the pilot period will begin as soon as November 1, 2010 (but no later than March 1, 2011) and will last for five (5) months. After the pilot period, IHCDCA anticipates that the program will last for approximately two (2) years.  |
| <b>13. Program Interaction with Other Programs (e.g. other HFA programs)</b> | IHCDCA manages the Homeless Prevention and Rapid Re-Housing Program (HPRP) funding for the balance of state Continuum of Care. IHCDCA assessment tool for HPRP will incorporate screening for HHF eligibility for homeowners at risk of homelessness through foreclosure. HPRP administrators will be trained on eligibility requirements and screening for HHF. IHCDCA also manages the Indiana Foreclosure Prevention Network (IFPN), which is a coalition of community service and housing-related organizations, government agencies, lenders, realtors, and trade associations that are actively addressing Indiana's foreclosure crisis through a variety of methods. IHCDCA anticipates contracting with some of the organizations which are providing IFPN counseling services to provide eligibility screening, intake and preliminary underwriting for HHF. Finally, IHCDCA will work with DWD to coordinate efforts; for example, the availability of HHF for qualified unemployed persons may be noted in Unemployment Insurance benefit determination letters from DWD. |
| <b>14. Program Interactions with HAMP</b>                                    | Borrowers will be pre-screened for HAMP, HAFA and HAMP-UP and programs offered by lenders. HHF funds can be utilized before or after assistance from HAMP-UP.  |
| <b>15. Program Leverage</b>  | No leveraging from banks and servicers is required. IHCDCA anticipates entering into participation agreements with servicers that will set forth IHCDCA's expectations for servicers, including acceptance of payment from IHCDCA and application of payment to PITI only.   |
| <b>16. Qualify as an Unemployment Program</b>                                | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  |





INDIANA FORECLOSURE PREVENTION NETWORK

## HHF County Service Areas Map





## **Regional Operators & The Workforce Investment Board for Marion County Directory August 18, 2010**

### **Region 1**

Ms. Linda Woloshansky  
President  
Center of Workforce Innovations  
2804 Boilermaker Court, Ste. E  
Valparaiso, IN 46383  
Phone: (219) 462-2940  
Fax: (219) 465-6860  
E-mail:  
[lwolo@innovativeworkforce.com](mailto:lwolo@innovativeworkforce.com)

### **Region 2**

Ms. Kathleen Randolph  
President/CEO  
Partners for Workforce Solutions  
300 East Main Street, Suite 100  
Fort Wayne, IN 46802  
Phone: (260) 459-1400, x 4502  
Fax: (260) 436-5973

Cell phone: (260) 417-5151  
E-mail:  
[krandolph@partnersforworkforce.org](mailto:krandolph@partnersforworkforce.org)

### **Region 3**

Ms. Kathleen Randolph  
President/CEO  
Partners for Workforce Solutions  
300 East Main Street, Suite 100  
Fort Wayne, IN 46802  
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Fax: (260) 436-5973

Cell phone: (260) 417-5151  
E-mail:  
[krandolph@partnersforworkforce.org](mailto:krandolph@partnersforworkforce.org)

### **Region 4**

Mr. Roger Feldhaus  
Executive Director  
Tecumseh Area Partnership, Inc.  
976 Mezzanine Drive, Suite C  
Lafayette, IN 47905  
Phone: (765) 477-1710  
Fax: (765) 471-7830  
E-mail:  
[rfeldhaus@tap.lafayette.in.us](mailto:rfeldhaus@tap.lafayette.in.us)

### **Region 5**

Mr. Tony Cross  
Executive Director  
Reach, Inc.  
2154 Intelliplex Drive  
Shelbyville, IN 47176  
Phone: (317) 398-6046  
Fax: (317) 398-6053  
E-mail: [tcross@indianaregion5.org](mailto:tcross@indianaregion5.org)

### **Region 6**

Ms. Barbara J. Street  
President/Chief Executive Officer  
Alliance for Strategic Growth, Inc.  
122 East Main Street  
PO Box 1856  
Muncie, IN 47308-1856  
Phone: (765) 282-6400, Ext 102  
Fax: (765) 282-6411  
E-mail: [bstreet@asgcorp.org](mailto:bstreet@asgcorp.org)

### **Region 7**

Ms. Lisa Lee  
Executive Director  
WorkOne Western Indiana  
630 Wabash Avenue  
Suite 205  
Terre Haute, IN 47807  
Phone: (812) 238-5616  
Fax: (812) 238-2466  
E-mail: [lisalee@workforcenet.org](mailto:lisalee@workforcenet.org)

### **Region 8**

Mr. John F. Corcoran  
CLJ Associates, LLC  
Region 8 Operator  
2597 West Vernal Pike  
Bloomington, IN 47404  
Phone: (812) 332-4496  
Fax: (812) 323-3415  
E-mail: [corcoranjfc@msn.com](mailto:corcoranjfc@msn.com)  
Website: [southcentral8.org](http://southcentral8.org)

### **Region 9**

Mr. Bart Brown, President/CEO  
Reach, Inc.  
Indiana Region 9 Workforce Board  
500 Industrial Drive, Suite 144  
Lawrenceburg, In 47025  
Phone: (812) 537-4949  
Fax: (812) 537-4951  
Mobile phone: (317) 430-9540  
E-mail: [bbrown@indianaregion9.org](mailto:bbrown@indianaregion9.org)

### **Region 10**

Mr. Ron McKulick  
Executive Director  
Workforce Development  
Associates, Inc.  
PO Box 6712  
New Albany, IN 47151-6712  
Phone: (812) 944-7793  
Fax: (812) 944-4056  
E-mail: [rm@wda-inc.org](mailto:rm@wda-inc.org)

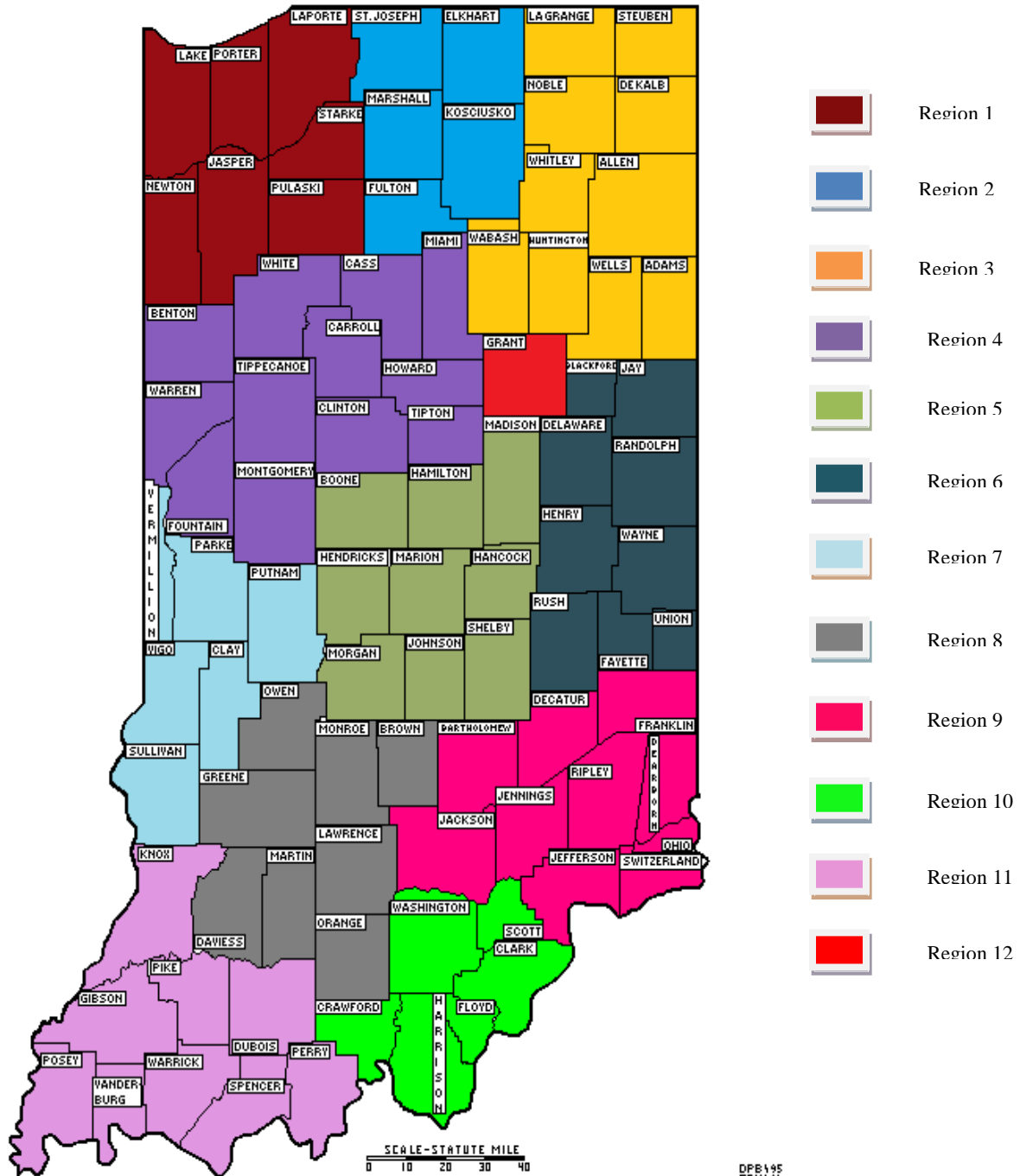
### **Region 11**

Mr. Jim Heck  
Chief Operating Officer  
Grow Southwest Indiana Workforce  
Board  
318 Main Street, Suite 504  
Evansville, IN 47708  
Phone: (812) 492-4505  
E-mail: [jim.heck@workonesw.org](mailto:jim.heck@workonesw.org)

### **The Workforce Investment Board for Marion County**

Ms. Brooke Huntington  
President and CEO  
Indianapolis Private Industry Council,  
Inc.  
Market Square Center  
151 N. Delaware, Suite 1600  
Indianapolis, IN 46204  
Phone: (317) 684-2221  
Fax: (317) 639-0103  
E-mail: [BHuntington@ipic.org](mailto:BHuntington@ipic.org)

## HHF Regional Map





## **Introduction – Building the Bridge to Recovery**

The U.S. Department of the Treasury established the Housing Finance Agency Innovation Fund for the Hardest-Hit Markets to provide financial assistance to families in the states most impacted by the downturn of the housing market. Subsequently on August 11, 2010 U.S. Treasury announced that Indiana received \$83 million to help unemployed homeowners pay their mortgage. In September, and additional \$139 million was added to this funding. The Indiana Housing and Community Development Authority (IHCDA) will administer the program and use the funding to help families who have fallen behind on their mortgage loans due to the loss of employment. Homeowners experiencing a financial hardship due to unemployment may begin submitting applications online or over the phone in early 2011.

IHCDA has worked with Lieutenant Governor Becky Skillman, the Indiana Department of Workforce Development and the Indiana Foreclosure Prevention Network partners to develop a comprehensive, statewide strategy. The plan aims to assist 16,000 homeowners who are experiencing financial hardship and are at-risk of mortgage loan default or foreclosure. Indiana HHF program options will assist homeowners with financial hardships who have been unable to qualify for existing loan modification and foreclosure prevention programs.

### **Hardest Hit Funds Unemployment Bridge Loan Program Offers:**

Indiana will deploy HHF funds to provide an unemployment bridge program to assist homeowners throughout the state to avoid foreclosure resulting from loss of income due to layoff, reduction in force, or other job loss through no fault or neglect of their own. As part of the unemployment bridge program, we will offer one-time assistance to recipients who, again through no fault of their own, are also in need of help to bring their mortgage current when assistance commences. Helping those homeowners to remain in their homes and preserve what is likely their largest asset both stabilizes local property values and fosters family and neighborhood stability in the face of record levels of unemployment and seismic shifts in Indiana's manufacturing-based economy.

Finally, by coordinating our efforts with Indiana's Department of Workforce Development, (DWD), which administers Unemployment Insurance and many workforce training programs in the state, and connecting unemployed homeowners with opportunities to engage in education, training or structured volunteer work, HHF funds will help us remedy the effects of both structural and cyclical unemployment while offering Hoosiers who face only time-limited unemployment the opportunity to give back to their communities through structured volunteer work. This is particularly critical as Indiana's economic base continues its evolution from manufacturing to knowledge.

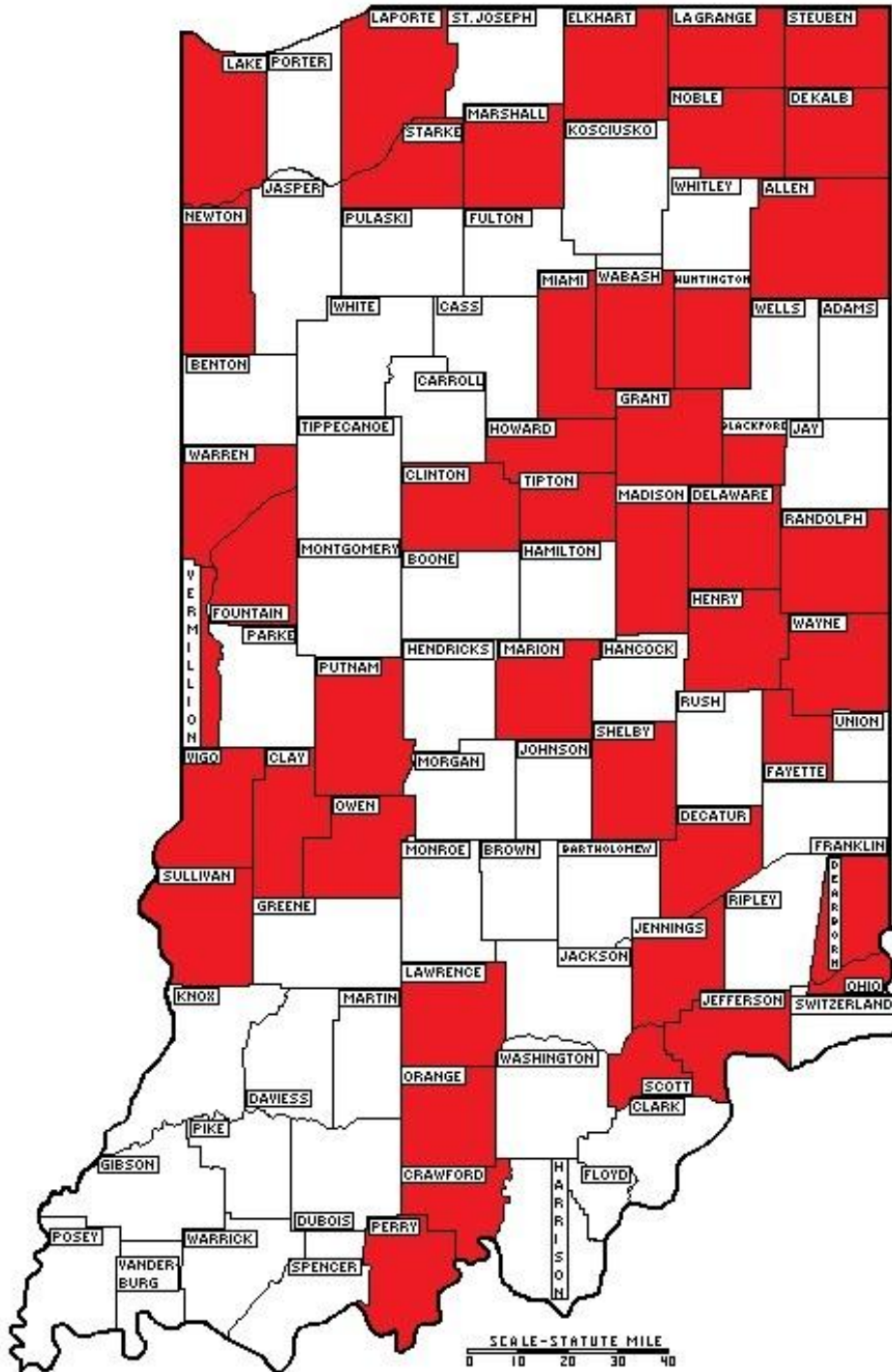
## Overview of Indiana HHF

- Client intake will be run through current IFPN infrastructure (1-877 GET HOPE and [www.877gethope.org](http://www.877gethope.org))
- A combination online assessment tool and HHF “Specialists” will determine eligibility and final award determination will be made by IHCD staff
- Borrowers will be required to pay 30% of their income (at initial HHF application date) toward PITI. IHCD will pay the remaining balance, up to \$1,000
- Total assistance per household is not to exceed \$18,000 in hardest hit counties or \$12,000 in remaining counties
- Term:
  - In hardest hit counties, up to 18 months or 3 months after re-employment, whichever comes first
  - In balance of state, up to one year or three months after re-employment, whichever comes first
  - Eligibility for assistance will be reduced by the number of monthly payments that is required to bring a homeowner current on their mortgage upon commencement of assistance



INDIANA FORECLOSURE PREVENTION NETWORK

Hardest Hit Counties are shaded in red



## Guidelines and Requirements

### **Specialists will need to know that:**

1. Borrower applying for HHF must be receiving unemployment insurance and he or she must be on the Mortgage. **Note: In order to be eligible for assistance, the Borrower must be receiving unemployment insurance benefits or approved to receive unemployment insurance benefits as of the "Date Registered" in CounselorDirect.** In those cases where the borrower was receiving unemployment insurance and is now re-employed and requesting assistance with a reinstatement, the borrower must still be on the Mortgage.
2. Current gross household income (total of all monies of individuals residing in the home prior to taxes and garnishments) must be at or below 140% AMI (area median income) per household ([Click here to view AMI limits](#)).
3. During the six months prior to hardship borrower must not have had any untimely payments ("untimely payment" is defined as being a payment that appears on the borrower's credit report and/or a lender's transaction history as a late payment, typically at least 30 days past due). Hardship is typically the date of eligibility for receipt of Unemployment Insurance Benefits. In some cases, the date of eligibility for Workman's Comp or date of eligibility for Family Medical Leave Act may be considered the date of hardship IF the initial hardship ultimately leads to the loss of gainful employment, the loss of which must be eligible for Unemployment Insurance Benefits.
4. For escrowed first mortgages, borrower is required to pay 30% of gross household income towards the PITI payment to IHCD's Special Servicer. IHCD will make payment in full to servicer on behalf of the borrower, as servicers will not accept partial payments (Review Section 9, below, for information regarding non escrowed accounts).
5. Re-employed borrowers are able to reinstate up to \$1,000 per month in which they received unemployment insurance and must qualify based on 31/55 DTI (Debt to Income Ratio)
6. Property must be in State of Indiana.
7. Borrower cannot have assets worth six months or more of PITI payments, excluding retirement accounts.
8. Unpaid principal balance of first mortgage cannot exceed conforming loan limits set by the Federal Housing Finance Agency, as modified from time to time
9. In cases of non-escrowed accounts IHCD will pay up to one (1) full year of taxes and insurance.



10. In those cases where there is a non-escrowed account, borrower is required to pay the lesser of 30% of gross household income per month or his or her monthly principal and interest payments to IHCD's Special Servicer. IHCD will make payment in full to servicer on behalf of the borrower. HHF funds only (and not borrower's portion) will be used to pay up to one full year of taxes and insurance. This includes any delinquent taxes and insurance owed on the property at the date of enrollment.
11. Verification for borrowers who are veterans (DD-214) or active military (military ID card) is required to expedite the file
12. FHA loans already in the foreclosure process are enrolled solely at the discretion of their servicer and may not be eligible for enrollment in HHF.
13. An eligible file requires participation in the HHF program by the loan's servicer.
14. Only first mortgage obligations are eligible for HHF assistance. All subsequent mortgages and liens will not be used in the calculation of "debt" to determine eligibility.
15. While borrowers are enrolled in HHF, Specialists are required to verify monthly the following in the Communication Log of Counselor Direct: The borrower's current employment status, whether or not the borrower is compliant with the education/training component of the program (in those cases where the borrower is not participating in the Volunteer Service Program) and any other pertinent information that HHF staff should know about the borrower's current situation and may affect the borrower's continued eligibility.

**Borrowers will need to know:**

1. The home must be the borrower's principal residence and borrower may own no other home. A home is defined as land that is currently being financed by the borrower and/or the co-borrower with an improvement on it. This excludes any commercial property (commercial property must be included in any submitted profit and loss statement and any income derived from the commercial property must be included in the gross household income calculation).
2. Borrowers must meet the appropriate income limits. Income limits vary by county and are dependent on family size ([Click Here to view AMI limits](#)).
3. Borrower will be required to engage in either a job training program, educational courses or participate forty hours of volunteer activities per month. If a borrower is receiving a reinstatement only, then he/she is exempt from these obligations. A borrower may be exempt in other regards, due to disability, poor health or lack of available programs in his or her area. Specialists must check with HHF staff as these situations arise and should refer to the HoosierCorps guidelines at [www.877gethope.org](http://www.877gethope.org) (in the case of volunteer service) or with HHF



staff. Specialists should maintain contact with their clients to verify volunteer progress towards any of these requirements as it is client's responsibility to provide Specialists with verification. For volunteer service, clients may track their hours online and provide counselors with print-out of their hours. For questions on the online volunteer tracking, please direct clients to [Hhfvolunteer@ihcda.in.gov](mailto:Hhfvolunteer@ihcda.in.gov).

4. Borrowers may be removed from the program for failing to make their required payments or vacating the property. (Borrower will be considered late after the 5<sup>th</sup> of the month, and considered missed, once it has reached 30 days past due. After achieving 2 late payments or 1 missed payment, the borrower will be terminated from the program.)
5. Applicants may not be assisted with HHF funding while in active Chapter 13 bankruptcy situations.
6. For discharged Chapter 7 bankruptcy, applicants may be eligible for assistance only if the property in question has been reaffirmed.
7. The "Gross Annual Income" of the Borrower(s) must be considered, *as well as the income of any other person intending to reside in the residence who is the age of eighteen (18) and over and not a full-time student.*
8. Gross Annual Income should be determined based on gross pay from employment, including any part-time, seasonal or sporadic income, shift differentials, overtime pay, and bonuses. It also includes:
  - a. Child support, alimony and separate maintenance payments;
  - b. Periodic payments for trust, annuities, inheritances, insurance policies, pensions, retirement funds and lotteries;
  - c. All public assistance payments (excluding Medicaid and food stamps) including
    - i. any amount by which educational grants, scholarships, and/or Veteran Administration educational benefits exceed expenses for tuition, fees,
    - ii. books, and equipment and reasonable rent and utility costs for a student living away from home;
  - d. Interest and dividends;
  - e. Payments in lieu of earnings, including social security, unemployment benefits, worker's compensation, severance pay, disability or death benefits; Income from partnerships;
  - f. Rental income for property owned;



INDIANA FORECLOSURE PREVENTION NETWORK

- g. Recurring monetary contributions or gifts regularly received from a person not living in the residence; and
  - h. All regular pay, special pay and allowances of a member of the Armed Forces, not including hazardous duty pay.
10. Credit report will be pulled to verify that all payments six months prior to hardship have been timely (If there is a discrepancy on the borrower's credit report, the borrower will need to contact the creditor to correct).
11. Borrower must agree to pay a minimum of 30% of gross household income at time of enrollment toward PITI, based on verified documentation of any and all household income, except for the re-employed; in those cases, individuals will be expected to make some contribution toward clearing their delinquency, with 30% of one month of household income serving as the standard.
12. Owning only one home. A home is defined as land with an improvement on it that is currently being financed by the borrower and/or the co-borrower. This excludes any commercial property (commercial property must be included in any submitted profit and loss statement and any income derived from the commercial property must be included in the gross household income calculation).
13. Submission of hardship affidavit documenting inability to pay mortgage;
14. Receiving unemployment insurance benefits from Indiana Department of Workforce Development (DWD), or other approved State Unemployment Insurance office, on or after the UBP implementation date
15. Borrower may not have liquid assets sufficient to make 6 months or more mortgage payments. These include stocks, cash, CD (Certificate of Deposit), money market accounts, mutual funds, etc. These exclude all retirement accounts.
16. The funds received under HHF will not be considered income on borrower's tax returns. For tax years 2010-2012 only, homeowners may deduct mortgage interest paid on their behalf under HHF. For more information on tax ramifications of this assistance, please direct clients to [http://www.irs.gov/irb/2011-11\\_IRB/ar06.html](http://www.irs.gov/irb/2011-11_IRB/ar06.html). Note: HHF Specialists are not to advise clients as regards their tax liability under this program and are encouraged to direct their clients to qualified tax preparers with their questions.
17. If clients are currently in a HAMP trial period and they accept benefits under Indiana's HHF UBP, they will be TERMINATED from their HAMP trial period. If clients have applied for HAMP or are currently being evaluated for HAMP and accept HHF benefits by signing loan



INDIANA FORECLOSURE PREVENTION NETWORK

documents, they will NOT be offered a HAMP trial period plan (per August 2, 2010 U.S. Treasury Supplemental Directive 10-07 for the Making Home Affordable Program).

18. If clients have accepted HHF benefits and are terminated from a HAMP trial period or not offered a HAMP trial period plan, they may reapply for HAMP (pending program availability) after their HHF assistance term ends. If they have successfully completed more than half of their HAMP trial period plan, they may request to delay acceptance of HHF benefits until either a permanent HAMP modification agreement is executed or their HAMP trial period plan is otherwise terminated. They SHOULD NOT sign HHF loan documents if they would like to delay acceptance of HHF benefits and should work with their Specialists, who will then communicate with HHF underwriting staff regarding the request for delay. Requests will be approved or denied at the sole discretion of IHCD.

### **Property/ Loan Eligibility Criteria**

- (A) Owner-occupied primary residence located in Indiana
- (B) The unpaid principal balance of the borrower's first lien mortgage cannot exceed the conforming loan limit established by the Federal Housing Finance Agency, as modified from time to time

### **Reinstatement requirements**

- o Verify a re-employed borrower's dates of receiving unemployment insurance
- o Borrower is only eligible for \$1,000 per month that they were receiving unemployment insurance and must qualify at 31/55 DTI
- o Reinstatement or clients who will receive ongoing assistance, as long as they were current prior to receiving unemployment insurance.

### **Forgive ability Period Requirements**

All assistance is structured as a forgivable, non-recourse, non-amortizing loan, secured by a junior lien on the property. The loan has a term of 10 years and is forgiven at a rate of 20% per year in years 6 through 10 of the loan term. If the borrower sells the property before the forgiveness period expires; all net sale proceeds up to the full principal balance outstanding will be due and payable to IHCD.

| <b>Term (in years from closing date)</b> | <b>Amount Due Back to IHCD</b> |
|--|--------------------------------|
| Years 1 through 5                        | 100%                           |
| Year 6                                   | 80%                            |
| Year 7                                   | 60%                            |
| Year 8                                   | 40%                            |
| Year 9                                   | 20%                            |
| Year 10                                  | 0%                             |

The HHF loan is not forgivable by reason of death of the borrower. However, because it is a non-recourse loan, the borrower's estate has no personal liability for the debt, and IHCD is limited to collecting from the available proceeds after sale of the property.

## Application Procedures

### Submission

The Specialist is responsible for performing a thorough investigation to determine that both the borrower(s) and the property meet program eligibility and other requirements. The following information must be submitted to IHCD:

### Intake Package:

- > HHF Building a Bridge to Recovery (checklist)
- > Fax Transmittal form
- > Housing Counseling Intake Form
- > Financial Worksheet (signed and dated)
- > Hardship letter (signed and dated)
- > Request for Modification & Affidavit (page 3 signed and dated)
- > 4506T-EZ Form (signed and dated)
- > Third-Party Authorization Form (signed and dated)
- > Homeowner/Counselor Contract (signed and dated)
- > Authorization to Obtain a Credit Report (signed and dated)
- > IHCD Privacy policy
- > Hardship Affidavit (signed and dated)
- > Copy of your Promissory Note (copy if available)
- > Any correspondence from your mortgage servicer or its attorney (copy if applicable)
- > Most recent mortgage statement (copy if available)
- > Most recent bills and statements for all expenses (copy)
- > Last 60 days of pay stubs for all employed and income sources (copy)
- > Last two months of all current bank statements (copy)
- > Last one year of tax returns and W2s/1099 (copy)
- > If unemployed, copy of unemployment eligibility or explanation of benefits (copy)
- > If self employed, a copy of a previous year's files 1040 return (copy)
- > If self employed, 6 months current personal and business bank statements (copies)
- > If self employed, most recent quarterly Profit and Loss statement

## **Closing Procedures**

### **The Counselor must:**

1. Have borrower complete and execute the Indiana Housing & Community Development Authority Hardest Hit Fund Unemployment Bridge Program Borrower(s) Application Agreement ("Certification").
2. Complete and have executed the promissory note and mortgage.
3. As soon as the closing is over, deliver email copies of the Certification, note and mortgage to the underwriter.
4. Send original note to underwriter, keeping copy for Counselor files.
5. Retain original mortgage to file at county Recorder's Office, keeping a copy for your files.
6. File the mortgage with the local county Recorder's Office in the county in which the property is located within three (3) business days after the closing.
  - Mortgage, in order to be filed, MUST have original signatures!
  - When filing mortgage, Recorder will time stamp copy of mortgage. Please send copy of the time stamped mortgage and copy of the filing receipt to underwriter.
7. Have borrowers receiving monthly payment benefits fully execute ACH form from Special Servicer and attach a voided check to the form.

### **Things to remember when completing the mortgage:**

1. Must have the legal description.
2. Names of borrowers must be printed below each signature.
3. Printed names of all borrowers must be identical throughout. (e.g. Norman X. Bates throughout; not Norman X. Bates & Norman Bates elsewhere in the document)
4. County must be completed in the notary block

### **When filing the mortgage with the county Recorder's Office:**

1. Must file with original signatures.
2. No social security numbers on mortgage and must print name at Recorder's Office below statement regarding social security numbers on final page of mortgage.
3. Fee should be approximately \$28.50, and is covered by fees paid to you by IHCD

## Approved Education and Training for HHF

### Education and Training

Approved HHF clients must either fulfill requirements under approved education/training or requirements under the approved HoosierCorps Volunteer program (for more information on the HoosierCorps, please see below). Approved Education and Training for HHF is outlined below:

1. Progress made toward an Individual Training Account approved certification/degree.
2. Progress made toward an approved certification per the Indiana Department of Workforce Development. A list of these is found at [www.in.gov/dwd/2417.htm](http://www.in.gov/dwd/2417.htm).  
Note that any Associate's Degrees or Bachelor's Degrees must be FAFSA eligible.
3. Progress made toward licensure approved by the Indiana Professional Licensing Agency. A list of these is found at [www.in.gov/pla/](http://www.in.gov/pla/)
4. Progress made toward Indiana Trade Adjustment Assistance Certifications. A list of these is found at [www.in.gov/dwd/2422.htm](http://www.in.gov/dwd/2422.htm)

Progress made toward other job training/education that does not meet one of these criteria, must be approved in writing by HHF staff. This request (from the HHF Specialist to the Underwriter) must include a detailed explanation of the training/education and also must include a statement that the Specialist verified that it did not fit into any of the four above-listed categories of accepted training/education. Approval in these cases is solely at the discretion of HHF staff.

## HoosierCorps Volunteer Program

Approved HHF clients must either fulfill requirements under approved education/training (see above) or requirements under the approved HoosierCorps Volunteer Program. For more information on the HoosierCorps Volunteer Program, please see the HoosierCorps Volunteer Program Participant Manual at [www.877gethope.org](http://www.877gethope.org) and also as an addendum to this handbook.

If an approved HHF client chooses to fulfill their requirements under the HoosierCorps program, then counselors need to do the following:

- 1) Create an email to [Hhfvolunteer@ihcda.in.gov](mailto:Hhfvolunteer@ihcda.in.gov) and include the HHF underwriter in the cc: of the message.
- 2) Put "HHF VSP Client" in the subject line
- 3) Provide the following information:
  - a. Date of Agreement (date of closing)
  - b. First and Last Name
  - c. Home Address (including street address, city and zip code)
  - d. Email Address
  - e. Phone with Area Code
- 4) Once the email is received, a confirmation email will be sent back to the counselor within 2 business days, indicating that the client's information has been forwarded to the nearest regional administrator of the HoosierCorps program. Contact information for the regional administrator will be included.
- 5) File copies of the originating email and the response in the client's CounselorDirect file.